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TO RUEHC/SECSTATE WASHDC PRIORITY 6391
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY
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RUEHGB/AMEMBASSY BAGHDAD PRIORITY 0507
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RUEHBJ/AMEMBASSY BEIJING PRIORITY 0969
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C O N F I D E N T I A L SECTION 01 OF 06 LONDON 004328

SIPDIS NOFORN SIPDIS STATE FOR NEA/IR, EEB A/S SULLIVAN, ISN/RA:RNEPHEW, EUR/WE TREASURY FOR ABBY SULLIVAN COLLEEN EDDY, MOLLY MILLERWISE E.O.

TAGS: [PREL](#) [MNUC](#) [EFIN](#) [PTER](#) [KTFN](#) [IR](#) [UK](#)

SUBJECT: (C/NF) UK SHARES U.S. GOALS ON IRAN; WE SHOULD RE-FOCUS UK DOMESTIC EFFORTS AND INCREASE COORDINATION REF: A. STATE 156409 B. STATE 15

Classified By: PolMinCouns Maura Connelly; reason 1.4 (b, d)

1.(C/NF) Summary: Prime Minister Brown and Foreign Secretary Miliband are increasing pressure on Iran by SIPDIS pressing aggressively for tough

2.(U) Below is an update of the UK's efforts on various Iran-related issues, and suggestions for ways the USG can engage where appropriate: (C/
Push for UK Non-Proliferation Legislation -----

3.(C/NF) The UK currently lacks legal authority to freeze assets based on proliferation activities alone. We have asked them whether they plan
UK Vocal on EU/FATF Measures -----

4.(C/NF) HM Treasury (HMT) Director for International Finance Mark Bowman told EEB A/S Sullivan on November 13 that the UK has a proposal in tc

5.(C/NF) Bowman also told Sullivan he wanted the Financial Action Task Force (FATF) to take a more strategic and political approach, and was ve
Increased Bank Scrutiny: FSA; Bank Mellat, XXXXXXXXXXXX-----

6.(C/NF) The UK is quietly and effectively pressuring the Iranian regime by putting Iranian banks through their banking regulator's (Financial

7.(C/NF) In response to our proliferation-related demarche (Ref A) FCO Iran Multilateral Team Leader Will Gelling told Embassy Iran Watcher (Pc

8.(C) A/S Sullivan pressed HMT and FCO for a concerted effort to get Asian banks and firms on board with this issue. HMT and Foreign Office off
IAEA report: UK shares USG view, plans joint E3 approach -----

9. (C/NF) On the IAEA's latest report on Iran's lack of progress, Poloff explained USG views per ref B to FCO; Gelling, for whom Poloff had pr
UK Banks: Clear No More Sterling for Iran Banks -----

10. (C) UK banks are beginning to limit certain services in the UK for Iranian banks due to the exercise by HMG of "considerable moral suasion

11.(C) Bank Sepah, meanwhile, is winding down, according to HMT. It is functioning at a minimum level and has reduced its staff by over one-hal
The Value of Threatening Oil and Gas Sanctions -----

12. (C) Foreign Secretary Miliband's thinking on the threat of oil and gas sanctions revolves around medium and long-term ideas to squeeze the
Iran Attacks PM Brown's Speech -----

13.(C/NF) Gelling noted that after the November 13 Brown speech, Iran's Ambassador Movahedian called on FCO Iran Director Antony Phillipson to
Miliband Keen to Press Iran Hard Now -----

14. (C) Gelling explained that, though the idea to press the hydrocarbons sector is a serious one, HMG believes the short-term impact on Irani

15. (C) Gelling said the hydrocarbon issue is part of "an important rhetorical shift" by HMG, in which he said USG can expect to see sustained
No New Export Credits -----

16. (C) The British press reported recently on an on-going UK export credit program in Iran, however, FCO tells us those reports are inaccurat
UNSCR: Better to Whack Them Quickly and Unanimously -----

17. (C) Revisiting a familiar theme, Gelling said HMG believes strongly, based in part on what he said are the views of UK Ambassador Sir Geof

18. (C/NF) As FCO officials often do, Gelling also emphasized the greater "psychological and political" effect which multilateral sanctions ha

19. (C/NF) COMMENT: UK officials at all levels want to move quickly and strongly to create fresh pressure against Iran. They emphasize both th

20. (U) A/S Sullivan did not clear this message. Visit London's Classified Website: LONDON 00004328 006.2 OF 006 XXXXXXXXXXXX
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